

# S&P Global Flash Australia PMI®

## Private sector output expands at fastest pace since August 2024

### Key findings, February:

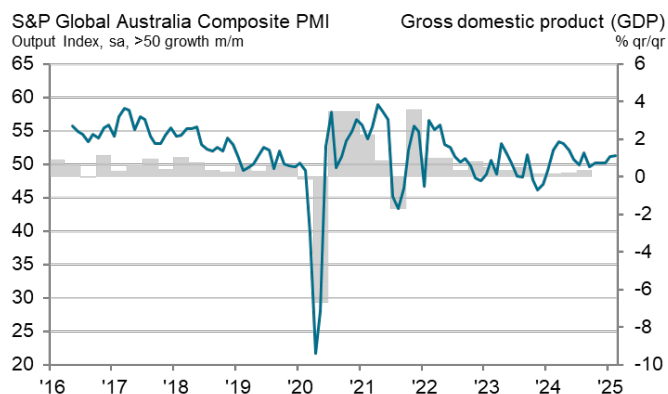
Flash Australia PMI Composite Output Index<sup>(1)</sup>: 51.2 (Jan: 51.1). 6-month high.

Flash Australia Services PMI Business Activity Index<sup>(2)</sup>: 51.4 (Jan: 51.2). 6-month high.

Flash Australia Manufacturing Output Index<sup>(3)</sup>: 50.1 (Jan: 50.5). 2-month low.

Flash Australia Manufacturing PMI<sup>(4)</sup>: 50.6 (Jan: 50.2). 27-month high.

Data were collected 10-19 February 2025.



Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence. © S&P Global 2025.

Business activity in Australia's private sector expanded at a faster pace in February, driven mainly by accelerating services activity growth. Overall new business also rose at a quicker rate, though export orders remained in contraction. Higher employment levels meanwhile supported the clearance of backlogged work, but also contributed to higher costs for Australian businesses. Firms were cautious with raising selling prices, however, amid reduced optimism in February.

At 51.2 in February, up from 51.1 in January, the headline seasonally adjusted **S&P Global Flash Australia PMI Composite Output Index** signalled a fifth successive monthly expansion in private sector output. While modest, the rate of expansion was the most pronounced since last August.

**Business activity** growth was mainly observed in the service sector midway through the first quarter of 2025. Services activity expansion accelerated for a third

successive month, with the latest rise attributed to greater inflows of new business. In comparison, manufacturing output rose only fractionally, with the pace of growth decelerating from January. The latest expansion of manufacturing production was nevertheless just the second in more than two years.

Growth in business activity was driven by higher **new business**, which also rose at an accelerated pace in February. The rate at which new business increased was the quickest in four months. Higher services new business drove the rise in new work, though manufacturing new orders also expanded for the first time since November 2022. According to panellists, widening customer bases and successful business development efforts led to the rise in goods new orders.

The uptick in new business was mainly accounted for by improvements in domestic demand as **new export business** declined for the sixth month in a row to reflect subdued external demand. Rising services export business, the fastest since last May, failed to offset falling goods export orders in February. The rate at which overall export orders fell was modest, however, easing to the softest in the current sequence.

**Staffing levels** across Australia's private sector rose for a second consecutive month in February. Additionally, the rate of growth accelerated in line with the trends for new business and output, further supporting another month of **backlog** depletion. That said, job creation was limited to the service sector as manufacturing headcounts fell for the second time in three months amid caution with hiring among manufacturers.

Indeed, **business sentiment** across both the manufacturing and service sectors deteriorated in February. The level of overall business optimism eased to the lowest in four months with manufacturers being the less optimistic of the two categories. Concerns listed by survey respondents included the impact of still-elevated interest rates and uncertainties surrounding both the domestic and global economy.

Turning to prices, **input cost inflation** climbed for a third consecutive month in February, rising to the highest rate since last September. Panellists often mentioned higher material, energy, financing and wage costs. By sector, cost inflation mainly intensified in the service sector. While manufacturing input cost inflation eased in February, the latest rise was still the second highest in more than two years.

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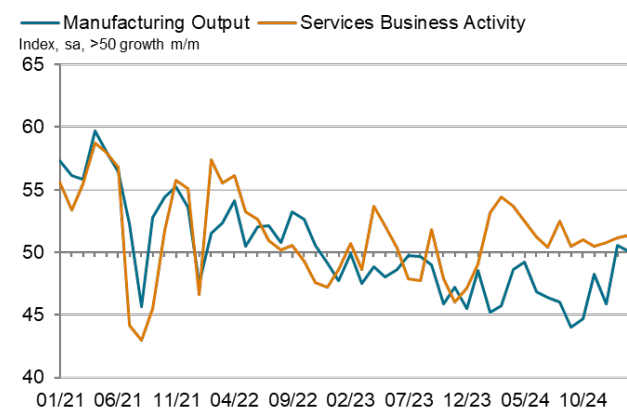
## News release

Australian private sector firms continued to share their cost burdens with clients, leading to another increase in **average selling prices**. The rate of inflation eased to match the series average, however, as firms were unwilling to fully pass on cost increases amidst heightening competition.

Commenting on the flash PMI data, **Jingyi Pan**, Economics Associate Director at S&P Global Market Intelligence said:

*“February’s S&P Global Flash Australia PMI data outlined further improvements in private sector business conditions. Although modest, the expansion in private sector output was the quickest in six months to suggest that economic conditions further improved in the opening quarter of 2025. Moreover, the improvements were broad-based as faster services new business growth was accompanied by a renewed rise in goods new orders, the first since November 2022.*

*“That said, a fall in business sentiment to the lowest level since last October provided mixed signals for near-term economic performance. Anecdotal evidence reflected concerns over the economic outlook despite business activity rising over February and interest rates being lowered during the survey period. This sense of caution was also prevalent in firms’ reluctance to fully pass on cost increases, leading to lowered selling price inflation in February.”*



Sources: S&P Global PMI. © S&P Global 2025.

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## Notes to editors

Final February data are published on 3 March for manufacturing and 5 March for services and composite indicators.

The S&P Global Flash Australia PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

**Manufacturing:** Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

**Services:** Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may

## News release

be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.5)

Services Business Activity Index = 0.1 (absolute difference 0.6)

Manufacturing PMI = 0.1 (absolute difference 0.4)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact [economics@spglobal.com](mailto:economics@spglobal.com).

### Notes

1. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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